

USEITI Implementation Subcommittee
Wednesday, June 10, 2015
11:30am – 12:30pm
Meeting Summary

Meeting Agenda

11:30 Welcome and Introductions
11:35 IA Report Out
11:40 Workgroup Updates
12:20 Next Steps
12:30 Adjourn

Independent Administrator (IA) Update - Company Outreach and Draft Reconciliation Report

The IA is getting really busy with email and phone communications with companies as they are conducting their reconciliations. The update is as follows:

As of today, the IA has received completed templates from 4 companies. Of those 4, 1 is reporting and reconciling taxes, 2 are reporting taxes but no reconciling, and taxes are not applicable for the 4th company.

For the remaining 40 companies:

- There are 16 who have not responded on participation. Many of these companies have participated in the webinars and have sent read receipts for email communications, but have not responded to polling questions.
- There are 10 companies that have responded that they do plan to participate. Of these:
 - o 1 has indicated plans to report and reconcile taxes
 - o 2 have indicated they plan to report taxes but not allow for reconciliation
 - o 2 have indicated they are not yet decided on tax participation
 - o 3 have indicated they do not plan to report or reconcile taxes
 - o 2 have indicated taxes are not applicable to them
- There are 7 companies that have responded that they are not yet decided on participation. Many of these companies are currently working to pre-reconcile.
- There are 7 companies that have responded that they DO NOT plan to participate.

Also incorporating changes to the draft reconciliation report that will be issued in early July.

The IA will conduct more outreach to non-responding companies next week.

Question was raised about timing issue with bonuses. A portion of the bonus is paid for onshore and offshore lease sales (1/5) and the remainder (4/5) comes later. There will be difference when the company paid to when it is actually recorded. This has been noted and will be documented as a possible cause for variance in the Report.

Contextual Narrative

On May 20th all sectors were asked to provide comments on the draft Contextual Narrative. The IA will shift focus to Final Reconciliation Report and the Initial Draft 2015 USEITI Report.

Audit and Assurance Workgroup

The Workgroup drafted a paper to meet the requirement 5.2b of the EITI Standard, which is the Report should document the audit and assurance procedures for companies and government. So with the help from SME's from ONRR and other bureaus, the Workgroup put a paper together that details the ONRR's, OSMRE, and Tribal audit and assurance processes.

The Subcommittee should review the paper and send comments back to the Workgroup. The comments should be sent back to Jim Steward in two weeks on June 19th.

Tax Information Workgroup

Curtis has been working on the 8821 form to make sure it reflects the Report process. There were some codes that needed to be added to the form, and the revised form 8821 for disclosure has been issued to Deloitte.. Deloitte will send the updated form to companies today.

A communications plan should be put in place to get more companies to report, and Judy will work with Deloitte on this action item.

Report Workgroup

The Workgroup met to discuss the section on Contextual Narrative on laws that governs natural resource extraction in the U.S. They categorized laws into three categories: laws that relate to the fiscal regime, laws that result in fines or fees and not included in the first section, and laws that relate to extractive industry governance and not included in the first two categories. The report will link to the DOI webpage that has most of the laws on there.

The other part of the discussion was focused on county narratives. There should be an introductory section that discusses revenue sustainability. The Workgroup will determine revenues and costs to be included in county reports. They will also discuss how other States have included costs and impacts. They also agreed to include some introductory language on efforts that have been made to secure publicly available data. The definition for publicly available is not yet defined (online versus FOIA).

There needs to be rigorous vetting for cost and revenue data for counties attributable to EI.

County Narratives need to be formatted so they are easily comparable, so they were divided by geology, history, production, costs, employment, and data availability. Units of measure used needs to be standardized or have measurement conversion.

The Workgroup will plan for county outreach to alert the counties they will be featured in this report, and counties can be a resource for data. The opt-in Subcommittee will decide the best way to go about doing that county outreach. Research requests should be in sync with other outreach that should be done for USEITI.

The IA will not conduct additional county research at this point with the exception of clarifying points or verification on the information/data we have already collected.

Next Steps:

Next Subcommittee Meeting is scheduled for June 24, 2015

List of attendees

Aaron Padilla, API
AJ Maxwell, Deloitte
Alex Klepacz, Deloitte
Christopher Chambers, Freeport-McMoRan Copper & Gold Inc.
Cory Gill, Goldwyn Global Strategies
Curtis Carlson, Treasury
Deborah Gibbs Tschudy, DOI
Greg Gould, DOI
Isabelle Brantley, Deloitte
Jennifer Heindl, DOI
Jim Steward, DOI
Johanna Nesseth Tuttle, Chevron
John Harrington, Exxon Mobil
John Mennel, Deloitte
Judith Wilson, DOI
Kim Oliver, DOI
Lance Wenger, DOI
Mike Matthews, State of Wyoming
Nicholas Cotts, Newmont Mining
Paul Bugala, Natural Resource Governance Institute
Phillip Denning, Shell
Robert Kronebusch, DOI